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NMDC

एन एम डी सी लिमिटेड
NMDC Limited

(भारत सरकार का उद्यम) (A GOVT. OF INDIA ENTERPRISE)

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.

Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674

No.18(5)/2024-Sectt.

22.08.2024

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001	National Stock Exchange of India Limited Exchange Plaza, C- 1,Block G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051
Calcutta Stock Exchange Limited 7, Lyons Range, Murgighata, Dalhousie, Kolkata, West Bengal 700001	

Dear Sir / Madam,

Sub: Transcript of NMDC Limited post Q1 FY 2024-25 Results – Analyst / Investors Conference Call held on 16th August 2024.

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; NSE Symbol: NMDC; BSE Scrip Code: 526371

Reference the captioned subject, please find enclosed Transcript of NMDC Limited post Q1 FY 2024-25 Results Analyst / Investors Conference Call held on 16th August 2024. The same is also being uploaded on the website of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,
for NMDC Limited

A.S. Pardha Saradhi
Executive Director &
Company Secretary

Encl: As above.



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NMDC Limited

“National Mineral Development Corporation Limited
Q1 FY 25 Earnings Conference Call”

August 16, 2024



एनएमडीसी लिमिटेड
NMDC Limited

 **ICICI Securities**



MANAGEMENT: MR. AMITAVA MUKHERJEE - CHAIRMAN-CUM-MANAGING DIRECTOR (ADDITIONAL CHARGE) AND DIRECTOR OF FINANCE – NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED

MODERATOR: MR. MOHIT LOHIA – ICICI SECURITIES LIMITED



Moderator: Ladies and gentlemen, good day and welcome to National Mineral Development Corporation Limited Q1 FY'25 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mohit Lohia from ICICI Securities Limited. Thank you, and over to you, sir.

Mohit Lohia: Yes, hi. Thank you, Deepika and good afternoon, everyone for -- and thank you for joining us for today's call. At the outset, I would like to thank management for giving us an opportunity to host this call. From the management, we have Mr. Amitava Mukherjee is the Chairman-Cum-Managing Director (Additional Charge) Director of Finance.

Without much ado, I would invite Mr. Mukherjee for the opening remarks, post which we'll have the floor for an interactive Q&A session. Over to you, sir.

Amitava Mukherjee: Good afternoon. Thanks for joining. This quarter in terms of financial performance has been rather satisfactory because as you see that our PBT and PAT have gone up by 19%, 20%. And considering the fact that our production actually came down by around 4% to 14% or almost by about 1.5 million tons that almost 1 million tons. So riding on the financial results to that extent are very satisfactory.

As of now, the Supreme Court judgment regarding retrospective tax, we are assessing our impact, but because we are a mining company, we are basically a merchant miner so it will be -- mostly we will be able to recover it from our customers because our customers are basically almost the same, except for actually a few who might have closed down business in all these years.

Most of our current customers are also customers of that period and over the years have been dealing with us. So the net effect would be rather negligible. So that is something that was positive for a company like NMDC. And regarding NSL, of course, we are proud to announce that it's been exactly one year since we -- the hot metal came out, it came out last 16th of August -- 15th of August.

Today is 16th of August and in this one year, we have produced more than 1.5 million tons of hot metal. And we are the fastest to reach 1 million ton of hot metal in August in about six months back. So that was really encouraging. Financially, we've been able to cut down our losses to half. And once the 5-kilometer electrification is done by the end of next month, we will be able to dispatch 2 rigs daily against the 1 rig currently and we label -- hopefully by the end of this current quarter in Q2.

On a monthly basis, we'll be able to break even. Quarterly breakeven will come, of course, in Q3 and annual breakeven will come in this financial year. That is our target and the performance parameters otherwise have also been in terms of coke rate and others have also been rather satisfactory.



So all in all, even NSL performance has been in the last one year of its operation. We expect that by the time we reach 24th of August which will be about exactly one year, we'll be able to produce 1 million ton of hot-rolled coil. I think we are some 20,000 tons short as of today. I think we should be able to 20,000 or 30,000 tons. Yesterday was a record day we did 40 heats] and more than 6,800 tons of HRC. So going by our recent performance, I think we should be able to reach 1 million ton mark exactly within a year of its operations. So thank you. Now I would invite questions as of now.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Pramod Dangi Unifi Investment Management. Please go ahead.

Pramod Dangi:

Sir, my question on -- you commented that any royalty which will be payable as per the Supreme Court order. Just wanted to have some clarification on that First, can -- is there any demand on us as of today or was there any demand in the past by any of the state where you operate, which has not been paid till date and which can come?

And second, you said that we will be able to recover this money from the customers because these are all existing customers from the last so many years. But I believe earlier the pricing was all inclusive of the taxes. So how the recovery part will work if you can throw some light on that?

Amitava Mukherjee:

First of all, out of the 81 cases that were clubbed together by the honourable Supreme Court, one case, Case number 381 was asked. That was for the MP Rural Infrastructure and Road Development Act for the diamond mine in Panna, for which -- from 2008, '09, till date, our liability would be around INR21 crores.

So this will be a straight liability. I think the recovery from customers would be very difficult because these were sold mostly in auctions, etc. We'll try and recover this INR21 crores, but frankly, I am not very hopeful of recovering the entire amount. Rest so far as Karnataka, FDT is concerned and so far as Chhattisgarh FDT is concerned that Forest Development Tax, these were not included in these 81 cases. But subsequently, when -- once the principle has been decided, sooner or later we might have a liability for these as well.

So far as Chhattisgarh is concerned, we are already recovering it and -- from our customers and paying it. So there will be hardly any retrospective effect. There was some about INR144 crores old demand which we have paid in cash, but under -- if such a demand now fructifies in a related case remember this is not one of these 81 cases. Then if there is a judgment which is akin to this one, then about 144 for Chhattisgarh is there.

For Karnataka, it will be substantially more. The net liability, I think, should come to around more than around INR2,400 crores, INR2,500 crores. But the good thing is that in Karnataka, most of our customer base is the same. Nothing much has changed over the last 20 years in terms of customer bases. So most of this amount are substantial a very substantial amount, leave a few maybe a couple of crores besides of that.

I think we will be in a position to recover it. Remember, this is payable if this liability comes. And this is not in these one of these 81 cases, it is a separate case. And we are presuming that



the order would be in line with this case. In such a case, yes, there is more than adequate chances of recovery for the customer -- for Karnataka thing. That liability has still not been calculated very -- in the very detail, but the ballpark estimate would be around INR2,500 crores INR2,600 crores.

Pramod Dangi: And sir, can you give some background on this INR2,400, INR2,500, how we calculate it, what are the demand when it came?

Amitava Mukherjee: The demand is not there. The demand was for the period of '08, '09 until I think 2011. So that period we had gone to court in a separate case. We have paid about one third. We have collected around INR254 crores from our customers already, another INR1,500 crores subsequently was collected and given by the monitoring committee. So -- but there are details which we are working out.

But since it is not really a part of these 81 cases, we have some time to -- but we have seen the customer base and we have seen that all those -- 99% of the sales made during that period are our existing customers as well. So I don't think it is a major challenge to recover the amount.

Pramod Dangi: And then when we -- just a follow-up on this that when we are asking -- saying that we will be able to recover, our terms with the customer was excluding any adequacy?

Amitava Mukherjee: Yes, it is excluding all the taxes and duties. Even now when we have the consolidated pricing it is inclusive of royalty, DMF and annuity and additional royalty. Any new taxes and duties are always in addition to that.

Pramod Dangi: So I assume that, that is historically the case?

Amitava Mukherjee: Our pricing terms are very clear on them. There's about absolutely no doubts about that.

Pramod Dangi: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Kirtan Mehta, BOB Capital Markets. Please go ahead.

Kirtan Mehta: In terms of the Karnataka, just one follow-up. You mentioned that your initial estimate is around INR2,500 crores, INR2,600 crores and you have collected already INR1,500 crores?

Amitava Mukherjee: Wait, that is after those INR254 crores and INR1,500 crores, gross would be much more, gross would be around INR44 crores or something like that of which a lot has been collected and already paid during a particular period so that's not much.

Kirtan Mehta: And the second question was about the NMDC Steel Limited where -- would you be able to highlight what was the monthly average run rate that we actually achieved during the last quarter. We were talking about 120 KT per monthly run rate. So were we able to deliver on the same during the last quarter?

Amitava Mukherjee: Yes. Production has been in April about 1,06,000. In May 1,20,000 and in June 1,20,000. It is only in July that actually it fell down because we had a scheduled maintenance. And now we



have a problem with the R1 with some damage in one of the PSE machine. But up to June, about 1,20,000, we need to go up to 1,50,000 to breakeven.

Kirtan Mehta: So we will be able to reach up to 150 KT by end of this quarter. That is what the current expectation?

Amitava Mukherjee: We are exactly hoping so. The main problem is dispatch. Even yesterday, we did 40 heat from 6,800 tons of coil yesterday. So if you multiply it by 30, we should be able to reach out 180. But our only problem is evacuation. We need to evacuate 2 rigs. We are currently doing 1 rig a day. That is because of some electrification work that's going on. Once that is done, our turnaround time will drastically reduce and we are -- we'll be able to do it.

Kirtan Mehta: And when we are able to sort of move to the 2-rig operation, how long would it be?

Amitava Mukherjee: I think middle of next month.

Kirtan Mehta: Middle of next month. Thank you sir. I will go back in the queue. If there are more questions I will come back.

Moderator: Thank you very much. The next question is from the line of Shweta Dixit from Systematix Group. Please go ahead.

Shweta Dixit: My one question would be what kind of -- like you highlighted the ballpark number of INR2,500 crores if it is imposed retrospectively. But going ahead, what kind of levies do you expect that can be added to the existing royalty or tax structure?

Amitava Mukherjee: Beg your pardon I did not understand your question. Can you repeat the question, please?

Shweta Dixit: Is there any kind of -- like from going forward from here, can there be additional levies that can be imposed which can be incorporated in the current royalty structure which adds to the prices? And is there a...

Amitava Mukherjee: I have absolutely no idea about what the individual state governments will be doing. That depends on the various state governments. And I cannot speculate about what they would be doing.

Shweta Dixit: Okay. Thank you sir.

Moderator: Thank you very much. The next question is from Pallav Agarwal, Antique Stock Broking. Please go ahead.

Pallav Agarwal: So one was on the outstanding from NMDC Steel. So now with the improved performance, when do we expect this INR2,200 crores of money coming back to NMDC?

Amitava Mukherjee: This is a pre-demerger expenses at INR2,500 crores. Last month INR100 crores has been paid with the improved -- as and when we reach breakeven and we'll have enough cash surpluses to pay. Hopefully, within a 12-month period, we should be able to liquidate that. For the first



time since the operation began last month about INR100 crores have been paid via NSL to NMDC against INR2,500 crores and INR2 crores of pre-demerger expenses.

Pallav Agarwal: Sir, also, I think we had some amount also receivable from the Karnataka Monitoring Committee, if I remember it was close to INR900,000 crores. So now with this judgment in place, do you think that recovers?

Amitava Mukherjee: That is a completely separate thing. You see, about INR2,900 crores was due from the Monitoring Committee of which we have already received about INR1,000 crores, INR995 crores or INR993 crores last year which was there in the year before last. FY '23 -- '22-'23 we received it, and it was reflected in the PAT of year before last '22, '23.

That left about INR1,890 crores of still a recoverable amount. The Supreme Court initial judgment declined to refund that, but we have now made a review petition for that, and we've gone to the higher bet. So let us see 14th March, it was rejected by the Supreme Court. Now we have again filed a revision petition with the Honourable Supreme Court and let us see how it goes.

In any case, that is not going to affect our numbers adversely because already tax has been paid on that and the amount has already been booked. We will not have a windfall gain in that business.

Pallav Agarwal: And so you're saying in this current recent ruling is a separate matter, that will not affect...

Amitava Mukherjee: Yes, it's completely different. It has absolutely no link with each other absolutely none whatsoever.

Pallav Agarwal: Sir, could you just give us an idea so what are the current sales in that is there in the states of Chhattisgarh. So Karnataka as of now is this 12% Forest Development Tax still present or it's no longer there as of now?

Amitava Mukherjee: In Chhattisgarh, we have FDT of forest transit fees of INR57 and sales of INR22.50 paisa which is in addition to DMF royalty and annuity. In Karnataka, I think there is no other stress etc except for this one and this was at the rate of -- I'll just find out what was the rate of recovery, what was the rate of information.

But it was in absolute terms, not in -- I think it was 5% or something like that. I just don't realize what -- don't recollect what the rate was in Karnataka, I can come back to you on that one.

Pallav Agarwal: Sure, sir. So Chhattisgarh, 57 plus 22.5, so about 78. And this is on a specific quantity...

Amitava Mukherjee: This is being collected from the customers and are being paid.

Pallav Agarwal: Yes, so it will not have any impact on our profitability?

Amitava Mukherjee: As of now, yes it's a [inaudible 18:25]. In Karnataka, it was 12% annual growth.



- Pallav Agarwal:** Okay sir. Thank you. I will get back in the queue.
- Moderator:** Thank you very much. The next question is from the line Shashikant, State Street. Please go ahead.
- Shashikant Kinagi:** Thanks a lot for good introduction I see the financials are improving. One question that we have is on NMDC Steel might be put on sale. So I'm sure the raw input is being supplied by NMDC itself. So I would like to understand with NMDC Steel being sold in the near future, will it have any impact on your financials? That is my first question. My follow-up question is....
- Amitava Mukherjee:** Financials of what of NMDC?
- Shashikant Kinagi:** NMDC Steel is being -- it might get sold that's what we understand just 2 days back that it is in advanced stages of being sold?
- Amitava Mukherjee:** So you want the financial impact of that on NMDC?
- Shashikant Kinagi:** No, I would not be interested in that. But I would be interested since the steel -- NMDC Steel, the output, the raw product is being, I'm sure the raw products will be supplied by NMDC, iron ore itself. So since it will be sold to a private player or someone else, will it have any impact in the future once it gets sold on your sales or anything?
- Amitava Mukherjee:** I think the raw material sourcing would be from our Bailadila -- only because that is only 131 kilometers. The other source are much, much more in Odisha and other places this is much, much further away. So I don't think -- the sourcing of material irrespective of the ownership, whether it's stays with us or it doesn't stay with us irrespective of the ownership Bailadila will remain. Kirandul and Bachel projects will remain the closest source of iron ore.
- Shashikant Kinagi:** But what percentage of sales or what percentage of output is being procured by NMDC Steel in terms of say about 10%, 15% of your sales are being sold to NMDC Steel internally?
- Amitava Mukherjee:** No. It's not an internal, it's an arm length sale. Last, I think when it is on peak production for 3 million tons it will require an iron ore of around 5 million tons, 1.6. So 5 million tons Bailadila itself NMDC as you know is around -- going to be 50 million tons. So it will be about 10% of the entire sales.
- But from Bailadila which is around 32 and it will go up to 35 million tons, it will be slightly more than it will be around 13 -- NSL will account for 13% of consumption when both the Bailadila's production increases to 35 million tons this year and approximately -- and NMDC Steel Limited can ramp up to about 100% capacity utilization at that point of time.
- Shashikant Kinagi:** My other question is I know some of the private players have also made some provisions due to this recent Supreme Court judgment that we have, right? So did NMDC also do some provision because it was declared privately -- publicly by Tata Steel, if I could take one of your counterparties private I know.



They have declared privately that they have also provisioned some amount because of this unexpected event. So I would be interested in knowing -- I know you have also mentioned that it will be recovered from your customers, but would be interested in knowing any provision that is being made.

Amitava Mukherjee: No, not yet because as I have said, most of my 2 big cases at Chhattisgarh and Karnataka are not in one of these -- not in these 81 cases. They are related cases. And right at the judgment comes from similar lines, only then the liability of payment arises And even if the liability of payment arises, very substantial amount except for a meager amount which might not be recoverable because of the customers not being there anymore.

But a very big substantial amount would be from existing customers. And since it is a -- to be done in 12 instalments, I don't think a recovery would be the -- since the payment is done in 12 instalments so I don't think it is going to be a major problem in the recovery.

Shashikant Kinagi: My other question is, I know we were looking at some news where it is mentioned that...

Moderator: I am so sorry to interrupt you maybe please request you to come back in the queue for the follow-up question as we have other participant on the line.

Shashikant Kinagi: I will have my last question. I know it will benefit all of us. If I may ask the final question. I am an individual shareholders I've been your shareholder from a very long time now. So my final question, if you don't mind?

Moderator: Sir, I'm very sorry to interrupt you, but may we please request you to come back in the queue because we have a lot of participants waiting for their turn for the questions.

Shashikant Kinagi: Okay. No worries.

Moderator: Sorry about that. The next question is from the line of Kamlesh Jain Lotus Asset Manager. Please go ahead.

Kamlesh Jain: Sir, one question on the part. Like, you have quantified all the liability how much could be the liability going forward, but just one fundamental question. We shifted from X royalty price to gross price since July 2023?

Amitava Mukherjee: I have not understood your question. Can you reframe your question.

Kamlesh Jain: So I am saying that we had opted for the gross pricing including royalty and various other sales and levy, right from July 2023. So doesn't it make sense in this environment where the states are imposing their own duties and sales, doesn't it make sense that we should stick to that particular old regime because...

Amitava Mukherjee: It doesn't make a difference because our prices very clearly state that it is only inclusive of royalty, DMF and annuity. Any other thing is recovered to be levied is recovered and paid extra, like we do in Chhattisgarh about the FTF, Forest Transit Fees of INR57 and excess of INR22. We are simply not inclusive. We still levy them separately, recover them separately and remit them separately. So it is not going to make any difference about that whether if we



revert to the old pricing structure or we are in the new pricing structure. There's absolutely no effect.

Kamlesh Jain: But if you see any of the raw material price or mineral price, all are quoted in terms of, like, say, exclusive of duties, be it like say, a steel...

Amitava Mukherjee: No, you are wrong. The industry we were the last person to come into an all-inclusive prices. Odisha and all iron ore miners quote all-inclusive basis. We were the last company to join an all-inclusive price in India.

Kamlesh Jain: But I believe sir it may be a personal judgment, but our old structure was far more better and it was much more transparent. And given the fact that the way the states are imposing duties and, say, the annuity and all other sets which are coming through, it unnecessarily implicates extra burden or additional burden?

Amitava Mukherjee: No, I think your understanding of the situation is completely wrong. It does not matter about any extra levies that come, whether we follow the current regime or we reverse to the old regime, there is absolutely nil zero effect.

Kamlesh Jain: Okay. Thanks a lot.

Moderator: Thank you very much. The next question is from the line of Karthik Gada, Multiple Wealth. Please go ahead.

Karthik Gada: Sir, when you mention that our case was not part of this -- for the -- from the 81 cases, I'm a little confused. And the judgment is applicable to everybody, right? So how are we not affected by this?

Amitava Mukherjee: You did not get me right. One of the cases that is up for Madhya Pradesh, for our Panna mine is included in this one -- it's one of the 81 cases. I think this case number is some 351 or something is the case number. From the bottom, I think it is 7th or 8th. So that case is our case that is included in that.

The Karnataka case and the Chhattisgarh case are parallel cases having the same sort of things. So once the principle has been decided what we expect is that those two cases will be -- ruling would also be in the lines of the ruling of this case. But that separate judgment has to come because that's a separate case which was not clubbed with these 81 cases.

Karthik Gada: So then these two cases the numbers which you mentioned for Chhattisgarh INR144 crores and Karnataka gross number of 4,400, 4,500 and net number of 2,400, 2,500. So these numbers pertain to these two parallel cases, is that right?

Amitava Mukherjee: Yes. I've said this earlier also. Once the principle has been set, maybe I cannot pre-empt what the Supreme Court will decide. But likelihood if it were to come in the same lines as this judgment, then this will be a liability, approximate liability.

Karthik Gada: So just the final point on this. So out of -- for Karnataka, out of 4,400, 4,500 of gross number, we have paid already INR1,800 crores. Is that understanding also right?



- Amitava Mukherjee:** INR1,750 crores has already been collected and paid.
- Karthik Gada:** Okay. Thank you so much. That's it from my side. Thank you so much sir.
- Moderator:** Thank you very much. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** So taking this story into account sir prospectively, how is this additional sales is going to impact our customer and the sale of the ore, how competitive or non-competitive will this division take that into account? And we do not have any number which will affect our per ton liability to the customer. We have not zero in any number as of now?
- Amitava Mukherjee:** How can we zero in any number when no taxes have been imposed as yet by the state government.
- Saket Kapoor:** Correct, sir. But taking into account this is going to be now the reality and whatever expect...
- Amitava Mukherjee:** Yes, if something is imposed, we'll collect it from the customer and remit it. And naturally, the cost to the customer will go up, but it will be in universal. It is not that in Karnataka, what I levied, Donimalai and Kumaraswamy would be any different from any private miner or any other miner. So I guess it will be across the board. So I don't think that it is going to affect our demand in any way because that same effect will be to all the miners in that vicinity.
- Saket Kapoor:** And sir, we revised our prices first on July upward. And I think so then on August 1 -- August 8 downwards. So what kind of, sir, first of all, variations are we expecting in our realization for this quarter, although we are 45 days into the quarter. And secondly, our volume guidance of 50 million, that stands for this year?
- Amitava Mukherjee:** Yes. Our prices, we have taken 2 price cuts in the last 2 times. That's about INR500 and INR500, about a INR1,000, we have taken a price cut. And that is why our average sales realization which was Q1, it was around INR5,304. Now it should come down to around INR4,304 but that has been the general trend of the market. As you know, the HRC and the other steel prices have also been coming down in this period. So our pricing is in tune with the market trends, that's number one.
- Number two, of course, we still keep a guidance of around 50 million tons. I know we are running about 1 million tons plus on shortfall as compared to last year because of 2 reasons. Because of some go slow in month of May and then very heavy monsoons this year. As you know, there has been some flooding.
- There had been some flooding in one of our mines in Kirandul, etc because we received 254 millimeters of rain in 3 hours itself. So given all those problems, we know that we are running at about 1 million-plus tons shortfall as compared to last year, but thankfully, we have more than enough time to make this up.



And we are confident that not only we'll make this up by October 10 or 15, and we'll reach the last year figures. And thereafter, the last 2 quarters, we'll comfortably outpace all the previous year's performance, and we should be able to reach around 50 this year.

Saket Kapoor: And our last year, the net number for the year was tonnage number was?

Amitava Mukherjee: Day 1?

Saket Kapoor: Last year since -- in tonnage, what was our tonnage for the last year...

Amitava Mukherjee: 45 million tons was the production and 44.6 million tons was our sales.

Saket Kapoor: And last point on this, sir, coal mining aspect and the update from the -- our investment in the subsidiary, what's the outlook for the current year in terms of dividend repayable or I think to some aspect in terms of the Australian investment, there was some money to be received there also?

Amitava Mukherjee: Coal mining first for Section 7 notification is due, Section 4 was over. We are acquiring land on the CBA as you know the Coal Bearing Areas Act. Finally the Ministry of Coal has given us the approval last year that we can go under the CBA Act and we did not acquire land in the other act. So that is a big advantage. Section 4 is already complete.

Section 7 notification for Rohne has already come and for Tokisud, we expect it hopefully, within the next few days. Of course, that aspect is on track. Australia, of course, we have invested. Our gold mining operations is going on there. Right now, talking about dividend is too premature because even if we were to make that into a profitable venture, there are a few cash flow demands there for accelerated exploration.

In Australia, we have a lot of requirement for accelerated exploration, and we need to invest in that. And the Mount Bevan, the biggest iron ore as the magnetite -- more than 1.8 million ton of magnetite there, very high quality, very good quality of magnetite. The PFS has been completed and we are looking way forward for making further investments in the magnetite project.

Saket Kapoor: Sir, last point for the capex update domestically, how much have we spent in this quarter, first quarter? And what is outlined for the remaining part of the year, I think, so the slurry pipeline and lot of aspects are in the annual. And I request, sir, that in our investor presentation, if you could just give outline to us how much have we spent, at what stages of our capex are and when they will be on stream. That would give us a current understanding of how things are going to improve?

Amitava Mukherjee: Up to August spend, we have spent around INR384 crores or almost INR400 crores in NMDC for against an annual target of around INR2,200 crores. So our capex is going on full stream and the two major projects that were basically, we were asked -- in fact, we decided to keep on hold and redraw the entire thing to our pellet plant and our beneficiation plant, we wanted to make common facilities so that 6 million tons is done in future with common facilities.



So now that part is complete. We have given the change orders. And as for the new joint work will start coming very shortly, immediately within a month or month and a half. And the capex would pick up then. We are also sort of -- we hope that by the end of the year, we'll be able to exceed very -- by a substantial margin, our capex program of INR2,200 crores.

Saket Kapoor: And lastly, on the losses on the Pellet and Other Minerals category. I think this quarter, the number is closer at INR57 crores?

Amitava Mukherjee: Yes. So we lost some money in Panna. Paloncha is a non-working unit as we know that we have some fixed costs there, which we basically watch in award functions and other fixed costs. We lost some money in the pellet plant as well. But pellet plant, we are trying to give a new eye on that. So we lost around INR12 crores in pellet plant, in Panna, we lost about INR21 crores. And in the sponge iron, the non-operational sponge iron unit, we lost about INR3 crores there. So we are taking steps so that we can run this full-fledged and these negative figures do not arise.

Saket Kapoor: Right. Sir I will join the queue.

Moderator: Thank you. The next question is from the line of Abhishek Poddar, HDFC Mutual Fund. Please go ahead.

Abhishek Poddar: Just one question regarding the SC judgment. Let's say, tomorrow, the MMDR Act is amended by the central government, which kind of limits the state's ability to do it. So will that be a prospective impact or it could be a retrospective impact, which would mean that even the previous liabilities will not have to be paid?

Amitava Mukherjee: Well, I don't know what sort of -- we can think about crossing the bridge when we get to the river. Unless we have something in black and white how can we comment on something that's completely hypothetical at this phase?

Abhishek Poddar: Right, because sir a lot of companies are kind of during this fact that in...

Amitava Mukherjee: I don't think it is proper for me to speculate on what will happen and what if scenarios are difficult to comment on.

Abhishek Poddar: Sir, the second question is while you said that even if the prospective levy is there, then it will be an equal playing field for all the companies. But there is some import which can happen. And including your mine head cost plus the cost of logistics at times, the import costs kind of compete. Will that put you at disadvantage for some of the steel mills that you have...

Amitava Mukherjee: It's very hypothetical at this saying whether such a levy will make us non-competitive from imports. It's very difficult to speculate on such what if scenarios at this stage. Only when something is coming, then we will be able to know.

Abhishek Poddar: Okay. Understood sir. Thank you.

Moderator: Thank you very much. The next question is from the line of Kirtan Mehta, BOB Capital Markets. Please go ahead.



Kirtan Mehta: Could you update on the status of the slurry pipeline as well as the time line for delivery and same thing for the pellet plant for time line for delivery, you already updated on the status?

Amitava Mukherjee: Number one, the pipeline has 3 major packages as you know apart from other smaller packages. One is the beneficiation plant. The other is the pipeline package itself. The third is the pellet plant. Now out of 131 kilometers, 73 kilometers has already been laid. Rest of it, most of it, the site is now clear except for one or two villages. Some tree removals are being made, etc and pipelines have arrived. A lot more pipeline is being laid now and after monsoon, I think that work is progressing reasonably well.

The pellet plant and the beneficiation plant, we have put it on hold. Pellet plant especially because we wanted a dual fuel arrangement. And it was only on LDO, now we wanted a cheaper tar which is available in the steel plant next door. So dual fuel arrangement and also for common sizing equipment for 6 million tons as and when we decide.

So that engineering portion has been completed fully and the change orders have been issued to the respective vendors. They have now begun work as per the revised specifications or revised drawings. And now we have -- it will pick up and I think it is expected to be completed by mid-2026.

For the entire system, it will get operational, I think the latest time is, I think it was December '25, just let me have a look or I think it is March -- around March '26 what we expect that all the three packages will be up and running. And the entire system will run around somewhere around mid-calendar year '26.

Kirtan Mehta: Thank you sir.

Moderator: Thank you very much.. The next question is from the line of Pallav Agarwal, Antique Stock Broking. Please go ahead.

Pallav Agarwal: Thank you sir for follow up. Sir just want to understand your lumps mix historically has been about 30% to 35% of the overall volume. So do we expect this to continue going ahead?

Amitava Mukherjee: Strategically, there are reports we have done some market survey for this. We expect that in 5 to 7 years especially around '31, '32 or maybe somewhere around '35 with the bigger blast furnaces coming in which has higher capacity of pellets, the lump demand itself might go down to around 20% to 22% or 25%.

And we are in our expansion plan, we have factored that in. So we'll have to keep flexible facilities for producing more fine than lumps, reducing our lump production and increasing our fine production. And we have taken that into cognizance if the market were to behave that way. I can assure you that our expansion plan will have factored in such a possibility.

Pallav Agarwal: So also just on the -- is there some lag between the price hike or price cut that we announced and the actual impact in our financials. So for example, if we take a big price cut, let's say in the month of August. So for this -- for the second quarter, it's there for probably only 2 months or the whole quarter. So does that impact how -- come in with a lag in the next quarter?



- Amitava Mukherjee:** Yes, naturally. Because price cuts were done in mid-quarter. So we did have the advantage of higher prices in the first part of the quarter. So naturally, our -- to that extent, our results -- our profit will be insulated to that extent.
- Pallav Agarwal:** Sure sir. Thank you.
- Moderator:** Thank you very much. The next question is from the line of from Pramod Dangi, Unifi Investment Management. Please go ahead.
- Pramod Dangi:** So my two questions, sir. If you can clarify or you can give the calculation of the royalty quarter-on-quarter because this quarter, we see the royalty amount is 37% of the gross revenue. Last quarter, it was around 47%, before that, it was 43%. So how the royalty is calculated, if you can give the detail on that. I think that will benefit everybody?
- Amitava Mukherjee:** This is the royalty basically what are -- because our production came down by 40%. And then the royalty, ultimately, what we book, although it is paid based on sales, but the booking is based on production. So that is why the royalty came down by 13%, which is in turn -- which is in tune with the reduction in production. Royalty, remember, is paid based on sales but is accounted for based on production.
- Pramod Dangi:** So it's not based on the accrued accounting, based on the volume sold. It is based on the actual production we have done?
- Amitava Mukherjee:** Yes. Because you see -- if you see our iron ore production in this quarter came down from Q1 to Q1, that is year-on-year basis by 14%, 1-4, 14%. And our royalties have come down by 1-3, 13%.
- Pramod Dangi:** And second, is there any seasonality, I just want to understand, is there any seasonality in the cost for the September month -- September quarter, because last 2 years, we are looking at very high overall cost for the September quarter, '22 and...
- Amitava Mukherjee:** What cost?
- Pramod Dangi:** The total cost when I look at as a percentage of revenue, in the September, it's very high compared to other quarters.
- Amitava Mukherjee:** What cost.
- Pramod Dangi:** You have increased, decreased in the stock and the cost of services and the raw materials.
- Amitava Mukherjee:** So that will depend on if we sell more than we produce, then obviously the stock adjustment would be negative. If we produce more than we sell, then it will be the other way around. This is to adjust the cost of production, the cost of goods sold.
- Pramod Dangi:** No, because, sir, we are not able to reconcile that in terms of -- in both the September quarter, it was very high as a percentage of revenue.



- Amitava Mukherjee:** September quarter was very high because we sold much more than we produced. So if we are at higher negative -- if it would be higher positive because we sold more than we produced.
- Pramod Dangi:** No, I'm talking about the per ton cost. If I'm looking at the per ton cost also, it is significantly higher compared to the...
- Amitava Mukherjee:** Per ton cost you see this is a fixed cost industry. So if your production goes down, your per ton cost goes up, even if we have production for a unit goes down by 1 million tons, the per ton cost goes up by about more than INR150, INR200 simply because 90% of my cost is fixed cost and only 10% of my cost is variable cost.
- So that is why there is a disproportionate effect on per ton cost or depending -- and similarly we have seen in some quarters where our productions have gone up, our per ton cost reduced drastically.
- Pramod Dangi:** Okay got it sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Ajit Jain [inaudible 49:15]. Please go ahead.
- Ajit Jain:** I just wanted to know when I look into your performance sheet, which you display and very nicely displayed, sir, there is average domestic realization. When I compare that figure with the figures which you give on monthly basis or lump prices and fixed prices, Again, there is a little reconciliation dip in. My question is in this average domestic realization do we take the fixed price or the lump price or it's a combo?
- Amitava Mukherjee:** The difference between that is basically because of bonus penalty. So if I say INR6,000 is my price, let us say of lump and then there is 2% -- so it to be another 400. So that is what factor in. That is why the average realization does differ on bonus and penalty costs that we have...
- Ajit Jain:** If I get it correctly, sir, average realization has this royalty included in it?
- Amitava Mukherjee:** Not only royalty, but also bonus and penalty.
- Ajit Jain:** Okay. Fair enough and normally, it is a combo of ore and this thing -- both taken into lumps and both the products' prices, fines and the lumps taken together?
- Amitava Mukherjee:** Yes average realization is total -- that is lump price, fine price everything taken together. The bonus penalty divided by total quantity.
- Ajit Jain:** Sir, my next question is you had talked about that parallel cases which are running. I know it's a very hypothetical thing, but in case it comes through, then even that will have 12 years instalment payment if it comes through?
- Amitava Mukherjee:** We don't know. We cannot speculate on that. So we are applying the current principles to our case. But whether it will be exactly that or not I cannot speculate on the wisdom of the Honourable Supreme Court what they will decide. I'm just applying the current principles to our case, and we doing this on it.



- Ajit Jain:** Sure. Thank you so much.
- Moderator:** Thank you very much. The next question is from the line of Tushar Chaudhari, PL Capital. Please go ahead.
- Tushar Chaudhari:** Sir, for a few of the deposits we had applied for 10% EC extension. So basically you were saying that we might receive it without a public hearing and with a time frame of around 6, 7 months. Any update on those?
- Amitava Mukherjee:** They are being still processed. So yes, some of them are in Ministry of -- MOEF here. Hopefully, we'll be getting it this financial year itself. If we do, then it is good for us, the more the merrier.
- Tushar Chaudhari:** So for FY '26, how much should be our capacity as per your...
- Amitava Mukherjee:** As of now it is 53.6% is our capacity against which we produced 45% last year. When the capacity was 51%, we produce 45%, so that was 89% capacity -- EC utilization -- EC capacity utilization which is definitely the highest in India.
- Tushar Chaudhari:** Sir, so my question was '25, we are talking about 50 million tons. So '26, whether we will be able to do full 54 or we will -- we might...
- Amitava Mukherjee:** We should be able to do 54, but certain plants and equipment needs some monitoring, but I think it can be done.
- Tushar Chaudhari:** But no incremental EC extension, we'll get in the next, let's say, 12 months?
- Amitava Mukherjee:** These are our 5-star mines will get automatic route which is without local hearing etc. We have applied for that, 3 of our mines are 5-star of our mines as you know, in fact, 4 of our mines are 5-star mines. It was recently given in the -- I think last week, we got the 5-star rating by the IBM in terms of the minister. So those things we would be getting done.
- Tushar Chaudhari:** Thanks a lot.
- Moderator:** Thank you very much. Ladies and gentlemen, due to time constraint, that was the last question. I now hand over the call to the management for the closing comments.
- Amitava Mukherjee:** Well, thank you for all your time and thank you for joining us. I think and from the questions, and quite rightly I think the most amount of apprehensions were regarding the recent Supreme Court judgment and its effect on an NMDC. As I have -- hopefully I've been able to clarify that as merchant miners we are in a more comfortable, more reassuring space than maybe those -- our counterparts who are also the end consumer of what they mine.
- So naturally, that puts us in a slightly -- not slightly substantially better position. Also, the fact that our customer base has not changed too much in the last 23 years -- last 20 years. It's also a matter of great convenience at this point of time if it comes for recovery from them. But what will happen is now at the helm of -- it's a hypothetical question because as I have said that 2 of our major liabilities arise out of parallel cases. What we are doing right now to talk to you is



applying the principles of the current judgment to those cases and we actually -- the judgment might for all you know might slightly differ from this one. We cannot speculate that.

But having said so, that because of our pricing structure we are in a position to move -- we're reasonably confident that it will not affect our numbers very adversely. Thank you so much, and thank you for joining us and really appreciate your time and your attention.

Moderator:

Thank you very much. On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.